

Employees' Provident Fund - 2021

1. Financial Statements

1.1 Qualified Opinion

The audit of the financial statements of the Employees' Provident Fund for the year ended 31 December 2021 comprising the statement of financial position as at 31 December 2021 and the statement of income and expenditure and statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, was carried out under my direction in pursuance of provisions in Article 154 (1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No.38 of 1971. My comments and observations which I consider should be reported to Parliament appear in this report.

In my opinion, except for the effects of the matters described in paragraph 1.5 of this report, the accompanying financial statements give a true and fair view of the financial position of the Employees' Provident Fund as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

1.2 Basis for Qualified Opinion

My opinion is qualified on the matters described in paragraph 1.5 of this report.

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

1.3 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

As per Section 16 (1) of the National Audit Act No. 19 of 2018, the Fund is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Fund.

1.4 Audit Scope (Auditor's Responsibility for the Audit of the Financial Statements)

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Appropriate audit procedures were designed and performed to identify and assess the risk of material misstatement in financial statements whether due to fraud or errors in providing a basis for the expressed audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- An understanding of internal control relevant to the audit was obtained in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The scope of the audit also extended to examine as far as possible, and as far as necessary the following;

- Whether the organization, systems, procedures, books, records and other documents have been properly and adequately designed from the point of view of the presentation of information to enable a continuous evaluation of the activities of the Fund, and whether such systems, procedures, books, records and other documents are in effective operation;
- Whether the Fund has complied with applicable written law, or other general or special directions issued by the governing body of the Fund.
- Whether the Fund has performed according to its powers, functions and duties; and
- Whether the resources of the Fund had been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws.

1.5 Audit Observations on the preparation of Financial Statements

1.5.1 Internal Control over the preparation of Financial Statements

Entities are required to “devise and maintain” a system of internal accounting controls sufficient to provide reasonable assurance that , transactions are executed in accordance with management’s general or specific authorization, transactions are recorded as necessary to permit preparation of financial statements in conformity with the applicable reporting standards , and to maintain accountability for assets, access to assets is permitted only in accordance with management’s general or specific authorization, and the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

1.5.2 Non-compliance with Sri Lanka Accounting Standards

Non-compliance with reference to relevant standard	Comments of the Management	Recommendation
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According to paragraph 51 of Sri Lanka Accounting Standard No. 16, the useful life of non-current assets should be reviewed annually, Fund had not taken action accordingly. According to the schedule of calculating the depreciation for the financial statements as at 31 December of the year under review, the fully depreciated asset value were Rs.138.70 million and Rs.461.11 million respectively for the Monetary Board and the Labour Department. Action had not been taken to identify the assets that have been further used among those assets and to rectify the estimated error caused due to	Necessary action is being taken to revalue the fixed assets in order to find solutions to these problems related to fixed assets and the activities could not be carried out as expected due to the outbreak of Covid-19 and due to the current economic crisis in the country.	Action should be taken in relation to non-current assets as per the Standard.

not reviewing accurately the useful life of non-current assets in accordance with paragraph 51 of Sri Lanka Accounting Standard No. 16 and to appropriately dispose of the assets that are no longer in use in accordance with Sri Lanka Accounting Standard No. 08.

1.5.3 Accounting Deficiencies

----- Audit Observation -----	Comments of the Management -----	Recommendation -----
(a) According to the bank reconciliation statements regarding 08 bank accounts submitted by the Fund as at 31 December 2021, the following unidentified transactions during the period of 2001 to 31 December 2021 had been continuously indicated in the bank reconciliation statements without taking any steps to rectify them or to resolve them.		
(i) There had been a total of Rs.13,316.08 million comprised of dishonoured cheques, which had been issued as at 31 December 2021, transactions not recorded in the bank statement, transactions not recorded in the cash book, direct debits / credits and other unrecognized balances and Rs.11,103.61 million, out of that total, had not been settled even by 31 May 2022.	The reason for not settling the transactions not recorded in the bank statement and cash book had been due to insufficient information to detect differences in the values recorded in the bank statement and cash book. Not matching of certain reference numbers in the cash book related to those transactions with the reference numbers available with the relevant date, on which bank reconciliations were available was the reason for not settling the direct debit and credit transactions.	Action should be taken to expeditiously identify and settle dishonoured cheques, unrecorded transactions in the bank statement, unrecorded transactions in the cash book, direct debits / credits and other unidentified balances.
(ii) Money orders deposited as at 31 December 2021, but not realized, cheques not realized and cheques issued, but not presented totaled to Rs.2,322.59 million. A sum of Rs.715.70 million out of that had not	A sum of Rs.66.57 million from money orders deposited but not realized, Rs.843.54 million from cheques deposited but not realized, Rs.696.78 million from	An appropriate programme should be prepared to promptly identify and settle the transactions, which had been included in

- been settled even by 31 May 2022. cheques issued but not the bank presented have been settled by reconciliation statements and not May 2022. recorded in the bank statement.
- (iii) Action had not been taken even during the year under review to rectify the debit balance of Rs.141.32 million, which was carried forward since the year 2006 as an error in the computer accounting system used by the Fund. This balance was related to one account and it was due to an omission of several transactions in the bank statement relating to the year 2006 to 2007 in the preparation of the bank reconciliation statement. Relevant accounting for the changes related to the years 2006 and 2007 are being carried out and thus it will be possible to rectify that balance in the future. Action should be taken to expeditiously identify and settle bank balances that had not been settled.
- (b) According to the Accounting Policy of the Fund, motor vehicles should be depreciated annually at the rate of 20 percent under the straight-line method. The cost of motor vehicles was Rs. 97.20 million according to the financial statements as at 31 December 2021 (relating to the Department of Labour). The cost of fully depreciated motor vehicles was Rs.36.22 million according to the documents for calculating depreciation. Although the depreciation should be calculated for the motor vehicles, which costed at Rs. 60.98 million, the depreciation had not been brought to accounts for the years 2020 and 2021. Necessary arrangements are being made to revalue the fixed assets with the objective of finding solutions to the problems related to these fixed assets and the activities could not be carried out as expected due to the outbreak of Covid-19 and due to the current economic crisis in the country. Depreciation of fixed assets should be brought to accounts according to the depreciation policy of fixed assets of the Fund.

1.5.4 Unreconciled Control Accounts or Reports

Item	Value as per Financial Statements (Rs. Million)	Value according to Corresponding Records (Rs. Million)	Difference (Rs. Million)	Comments of the Management	Recommendation
(a) Property, plant and equipment	1,034.75	574.27	460.48	Necessary action is being taken to revalue the fixed assets and the activities could not be carried out as expected due to the outbreak of Covid-19 and the current economic crisis prevailing in the country.	Maintaining accurate numerical data and information to confirm the accurate value of fixed assets as per all the relevant schedules.
(b) Balance of 5 accounts included in member's Fund	85,362	42,580	42,782	Transactions are recorded on cash basis in the 'AS/400' system and transactions are recorded on accrued basis in the general ledger. This naturally results in a difference in the balances of these two systems at any given time. The preparation of reconciliation for this difference is effective from the year 2017 and as such comparison had not been prepared in the previous years, there is a practical problem of presenting a complete reconciliation for this complete difference.	Preparation of reconciliation statements indicating the relevant total difference.

1.5.5 Documentary Evidence not made Available for Audit

Item	Amount (Rs. Million)	Evidence not available	Comments of the Management	Recommendation
fixed assets	1,034.75	Fixed asset registers including the basic information such as code number, date of purchase, cost, location of establishment of assets etc. and goods survey reports for the year 2021.	It has been stated under the general instructions of the State Accounts Circular No. 267/2018 that it is no longer mandatory to maintain the fixed asset register related to computer equipment and software in the fixed asset register as a fixed asset module has been set up in the CIGAS programme. Therefore, I kindly inform you that actions are taken accordingly.	Action should be taken to maintain a fixed asset register systematically for all fixed assets and action should be taken to finalize goods survey activities expeditiously and to submit reports.

1.6 Non-compliance with Laws, Rules, Regulations and Management Decisions etc.

Reference to Laws, Rules Regulations etc.	Non-compliance	Comments of the Management	Recommendation
(a) Section 2 of the Department of Labour Circular No. 06/2011 dated 29 April 2011	Although steps should be taken to investigate a complaint within 14 days after receiving such complaint to the office, 10, 48 and 47 complaints received by the Colombo Central District Labour Office in the years 2019, 2020 and 2021 respectively had not been investigated and finalized even by the date of audit in May 2022.	Ten (10), 48 and 47 complaints, out of the complaints received in 2019, 2020 and 2021 respectively to the Colombo Central District Labour Office, are currently being investigated.	Provision of an optimal service to the members by taking action in relation to complaints as per the Circular.

(b) Labour
Department
Circular No.
15/2007 dated
31 October
2007.

- (i) Section 1.1 Although the half-monthly circuit work plans of the labour officers should be submitted to the Assistant Labour Commissioner at least 3 days before the date of start and get them approved, approvals had not been obtained in the year under review for 36 monthly work plans related to 7 labour officers in the Batticaloa District Labour Office. Tour programmes have been delayed due to the Covid-19 pandemic. At present, instructions have been given to provide tour programmes and the Assistant Labour Commissioner is supervising them. Informing the officers to comply with Circulars and carrying out supervisory activities.
- (ii) Section 1.2 If it is necessary to revise the approved circuit programmes, prior approval must be obtained. However, such prior approvals had not been obtained in the year under review for about 65 percent of the revised programmes of the Batticaloa District Labour Office. Labour officers have been instructed to obtain prior approval for missed duties in circuit programmes and to indicate reasons for such missed duties in their diary. Informing the officers to comply with Circulars and carrying out supervisory activities.
- (iii) Section 2 A field inspection had not been carried out by labour officers in relation to 964, out of 1554 registered institutions situated within the limit of the Batticaloa District Labour Office. Therefore, it was observed that an inspection had not been carried out to check whether the contributions are being remitted from those institutions as per the statutory requirements. The labour officers have been instructed to inspect at least 10 institutions during the Covid-19 pandemic and they have also been instructed at present to inspect the maximum number of institutions that had been missed for a long time. Furthermore, they have also been instructed to inspect 10 institutions, which will be selected by the Assistant Labour Commissioner according to the monitoring system. Action should be taken to conduct random inspection in relation to the institutions and to provide an optimal service to members.

- (iv) Section 3.1 The reports related to every investigation conducted by the labour officers must be delivered on the same day or the first office day following that day. Even though the reasons for the delay should be inquired by the Assistant Labour Commissioner regarding the reports that are not delivered within 07 days, a period of 20 days to 268 days had been taken to submit the reports in relation to 61 cases of investigations in the Batticaloa District Labour Office in the year under review.
- Explanations have been called from the labour officers, and as per their reply letters, continuous lockdown of the country and the pandemic situation prevailed were the reasons for the delays.
- Informing the relevant officers to provide reports as per the Circular and formalizing the supervisory activities.
- (v) Section 5.1 At the end of each month, all the labour officers must submit the day book for that month to the Assistant Labour Commissioner before the 10th day of the following month, the submission of the day books of the officers in the Batticaloa District Labour Office had been delayed for 01 week to 13 weeks for 28 cases and it had been delayed for more than 13 weeks in 23 cases during the year under review.
- Explanations have been called from the labour officers, and as per their reply letters, continuous lockdown of the country and the pandemic situation prevailed were the reasons for the delays.
- Officers should be made aware to take action according to the provisions of the Circular.
- (c) Department of Labour Circular No. 01/99 dated 11 February 1999 It was observed at the audit test checks carried out in relation to the Colombo Central District Labour Office that there had been 9 cases, where it had taken 20 to 534 days to issue the first notice to recover surcharges and contributions after conducting institutional investigations pertaining to the years 2019 and 2020 and 10 cases that it
- The issuance of announcements like this has been delayed due to the Covid-19 pandemic prevailed in the country. Making a total of 08 payments and filing of 02 law suits have been done in the Common Evidence Register pertaining to the Colombo Central District Office and action is being taken to file lawsuits for the rest.
- Providing optimal service to the members by sending notices for the recovery of contributions and surcharges without delay.

had taken 20 to 91 days to issue the final notices. Furthermore, there had been 21 cases, where final notices had not been issued even though 153 days to 965 days had passed since the issuance of first notices. Moreover, any announcement had not been issued in relation to 33 cases. Furthermore, it was observed that there had been 51 cases that Batticaloa District Labour Office had taken a period of 21 to 181 days to issue the first notice to the employer organizations for the recovery of contributions and surcharges in the year 2021.

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| (d) | Section 10 of the Employees' Provident Fund Act No. 15 of 1958 | Although the contributions related to the employees of a certain Organization must be remitted to the Fund before the last day of the following month after the end of each month, it was observed in using the data system of the Employees' Provident Fund that contributions had not been remitted for a period of 3 months to 21 years in relation to 41 institutions within the limit of Batticaloa District Labour Office | The labour officers have been instructed to go to the relevant institutions and to take appropriate steps. | Increasing and streamlining random checks carried out on employers. |
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2. Financial review

2.1 Financial Results

The operating result of the year under review was a profit of Rs.340,728 million and the corresponding profit of the previous year was Rs.283,986 million. Accordingly, an improvement of Rs. 56,742 million was observed in the operating result. This improvement was due to the increase in the profit recognized on the adjustment of the fair value of financial instruments by Rs. 36,817 million compared to the previous year, and the interest income of the Fund increased by Rs. 16,269 million compared to the previous year.

2.2 Trend Analysis of Major Income Items

Description	Year 2021	Year 2020	Income Increase/ (Decrease)	
	Rs. Million	Rs. Million	Rs. Million	%
(a) Interest income				
i. Treasury bonds	285,052	266,130	18,922	7.11
ii. Treasury bills	256	415	(159)	(38.31)
iii. Fixed Deposits	3,857	5,877	(2,020)	(34.37)
iv. Repurchase Agreements	544	521	23	4.41
v. Debentures - Listed	3,153	3,601	(448)	12.44
vi. - Unlisted	816	863	(47)	(5.45)
(b) Dividend Income - Ordinary Shares				
i. listed	4,057	2,451	1,606	65.52
ii. Unlisted	2,628	466	2,162	463.95

The interest income from investment in treasury bonds and debentures of listed companies had grown by 7.11 percent and 12.44 percent respectively in the year 2021 when compared with the previous year. However, interest income from investments in treasury bills and in fixed deposits had decreased by 38.31 percent and 34.37 percent respectively. However, the total interest income of the Fund had grown by 5.86 percent compared to the previous year.

Furthermore, when considering the dividend income of the Fund, the dividend income had grown by 129.17 percent compared to the previous year.

2.3 Ratio analysis

According to the information presented, some important ratios of the Fund for the year under review and for the previous year are mentioned below.

<u>Ratios</u>	<u>2021</u>	<u>2020</u>
Net Profit Ratio (%)	87.35	85.8
Rate of return on average investment (%)	10.78	10.09
Rate of Return on Members' Balance (%)	8.36	8.37

3. Operational Review

3.1 Identified Losses

<u>Audit Observation</u>	<u>Comments of the Management</u>	<u>Recommendation</u>
(a) Although 15,000 cards had been purchased at a cost of Rs.12.61 million in the year 2008 for issuing new identity cards to the members of	It was recommended to recollect the machines installed throughout the country to the Head Office and to use the usable parts and currently the	Projects should be started with a good plan and a study and expenditure should be

the Fund and for re-registration, these cards remained idle without using. Furthermore, 2 machines, out of 35 machines purchased at a cost of Rs.17.67 million for this project, had been disposed of and appropriate action had not been taken regarding the remaining 33 machines.

machines are being collected at the Head Office. The offices that require these usable parts of the machines will be identified in the future and the usable parts of the machines will be distributed to those offices.

incurred effectively when spending from the Member's Fund.

(b) The Fund had entered in to an Agreement with an external party to computerize and scan data of the members of the Fund. It was observed that deducting the fine related to the percentage of errors occurred in the two instances of computerization and scanning of the data calculated by the Central Filing Division had been deducted from only one of the two invoices provided for one month instead of deducting the fine for the percentage of errors from the value of the entire invoice related to the month. Accordingly, it was observed that the fine to be reduced as per the Agreement in the year under review had been undercalculated by Rs. 175,684.

The relevant percentage of errors, if there are errors in the computerization of data by checking the errors occurred by the External Institution are submitted for payment by the invoice submitted for data computerization and the errors related to scanning are submitted for payment by bills related to that along with the voucher in order to deduct them in the respective months.

Action should be taken in terms of the Agreement.

3.2 Management Inefficiencies

----- Audit Observation -----	----- Comments of the Management -----	----- Recommendation -----
(a) Dividend income had not been received in the 3 years of 2019, 2020 and 2021 for the ordinary share investments amounting to Rs. 7,386 million made in 11 listed companies as at 31 December 2021. The investment made only in 2 companies, out of these 11 companies had been Rs. 3,410.57 million.	Six (6) companies, out of these Companies, are tourism-related service providers and the operational activities of these companies were severely hampered due to national and international travel restrictions, and many companies have reported operational losses. Accordingly, those companies were not in a position to declare dividends.	Making optimal investments, in investing to provide higher returns to the members.

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| (b) | Dividend income had not been received in the year 2021 for the ordinary share investments amounting to Rs. 9,486.07 million made in 08 listed companies as at 31 December 2021. | It is our observation that there was a big collapse in those businesses due to the combined impact of the covid-19 pandemic prevailed in the years of 2020-2021 and the huge contraction occurred in the local economy as a result of the economic problems at the national and international levels had also affected these companies and substantial effort was made to operate the companies continuously without closing down them. | Making optimal investments in investing money to provide higher returns to the members. |
| (c) | The Fund had not received any income from the moment of making the investment of Rs. 500 million in an airline company in the year 2010. | After indemnifying the present value of this investment, it has been accounted as Rs.100. This is a company that is almost entirely under the ownership of the government, and is operated on financial provision provided by the Government through the General Treasury due to incurring continuous losses. | Making optimal investments in investing money to provide higher returns to the members. |
| (d) | The Fund had lost Rs. 205.49 million due to the cancellation of the license of “The Finance Company” as at 31 December 2021. | In the event of liquidation of the company, the Fund may receive its investment, or part, as the balance value. | Making optimal investments in investing money to provide higher returns to the members. |
| (e) | A capital loss of Rs. 53.76 million had been incurred by the Fund by selling shares, of which the average cost was Rs. 93.39 million, in 05 companies, out of the sale of ordinary shares conducted by the Fund in the year 2021. | As the prices of five listed equity investments continued to be below the weighted average cost despite the increase in all shares index, the five listed equity investments were sold at the prevailing market prices as per the approval of the Monetary Board, after assessing that there was no further upward trend in their prices. | Investments should be managed to provide higher returns to the members. |

- (f) An amount of Rs. 5000 million i.e. 53 percent of the equity investment of unlisted companies was invested for the construction of Canwill Holdings hotel complex in the year 2013 and the construction work of the Grand Hyatt Colombo project related to the construction of the hotel complex was resumed in July 2020. The required Powers had been delegated to the Board of Directors by the Cabinet Memorandum No. 21/2278/306/100 dated 04 January 2022 to carry out the necessary procurement processes and to collect financial requirements. Accordingly, the construction work of the hotel complex had not been completed even by 27 December 2021 as planned. Therefore, even though 8 years had passed since the said investment had made, the Fund had not received any benefit from this investment.
- Although it had been decided by the afore-mentioned Cabinet Memorandum to resume the construction, there were problems in obtaining the necessary financial provision and obtaining foreign exchange. As a result, the Company had called for investment proposals in October 2021 to obtain foreign investment. Subsequently, the approval had been granted on 04 January 2022 to a foreign company that had expressed interest in investing in equity and debt. However, it could not be implemented as the related foreign investor company had expressed its unwillingness to continue the project due to the current foreign exchange crisis and economic conditions in the country. Accordingly, the relevant company has informed that necessary arrangements are being made to sell the Grand Hyatt hotel complex completely. Accordingly, it is expected that this investment can be realized soon.
- Making optimal investments in investing money to minimize the risk in order to provide higher returns to the members.
- (g) An amount of Rs. 9,681 million or 12 percent, out of the total investment of Rs. 84,067 million made in the stock market as at 31 December 2021, had been invested in 11 companies in the hotel sector. The following observations are made in this regard.
- (i) The market value of these investments as at 31 December 2021 had decreased by Rs. 2,659.51 million.
- The operational activities of those institutions were tremendously hampered due to the national and international travel restrictions during the period of 2019 – 2021 and many institutions had reported operational losses.
- Making optimal investments in investing money to provide higher returns to the members.

- (ii) The investments made in the hotel sector were Rs. 10,084.28 million at the end of the years 2019 and 2020 and were Rs. 9,681.52 million at the end of 2021 and any return had not been received for these investments in the year 2021. The returns on these investments in 2019 and 2020 had been Rs. 103.18 million and Rs. 47.40 million or 2.47 percent and 0.98 percent respectively. Furthermore, any returns had not been received in the years 2020 and 2019 as well for the investments of Rs. 3,174.54 million made in 7 companies.
- The operational activities of those institutions were tremendously hampered due to the national and international travel restrictions during the period of 2019 – 2021 and many institutions had reported operational losses.
- Making optimal investments in investing money to provide higher returns to the members.

3.3 Operational inefficiencies

----- Audit Observation -----	----- Comments of the Management -----	----- Recommendation -----
(a) Although the maintenance and servicing required to operate the computer network of the Head Office and District Labour Offices should be carried out on time without breakdowns, not reentering in to contracts despite the contractual period had ended were observed in relation to 6 instances during the period of 2015 to 2020. Furthermore, the Departmental Procurement Committee had decided to select a new institution instead of the existing institute and to appoint a Technical Evaluation Committee comprised of experts. However, the contractual period had been extended continuously without doing so in relation to Monitoring System and Pseries Services and Maintenance and servicing had been awarded to the same Institution, which had been awarded the contract previously.	I would like to further mention that contracts had not been entered in to with institutions due to the practical difficulties in selecting the institutions related to maintenance and servicing owing to the outbreak of Covid-19 pandemic island wide when the year 2021 is taken in to consideration.	Making arrangements to enter into new Agreements for the Agreements, of which the period of Agreement had been ended.
(b) The amount of Rs.11,456 million recovered by the Department by filing lawsuits against the employers of the account maintained in favour of the Labour Commissioner within the	Delays in bringing information from the District Offices due to the outbreak of Covid-19 pandemic and insufficient support from the employer had an impact on these	Action should be taken to design an efficient programme for prompt settlement of unsettled contributions.

member's Fund of the Fund as at 31 December 2021 and the amount of Rs.301 million that had been retained in a General Deposit account until recovered and settled by filing such lawsuits had not been credited to the accounts of each member. Furthermore, action had not been taken to settle a balance of Rs. 70,832 million as at 31 December 2021 in the "Current Year Contribution No. 01" account maintained separately in favor of employers by identifying the relevant members. Although retained benefits and unclaimed benefits amounting to Rs. 956 million as at 31 December 2021 and deficit / excess contributions amounting to Rs.2,117 million and deficit / excess benefit payments amounting to Rs.353 million had been indicated under the Member's Fund, the balances had not been identified and settled.

delays. In the future, it is expected that the accumulation of unsettled balances in this account will be gradually reduced by accounting the contributions in individual accounts by the Department of Labour and forwarding only the relevant correct "C" reports, amending the "C" reports that have been sent with deficiencies and forwarding them as soon as possible within the accounting year and instructing the Labour Offices to submit "C" reports under the proportional method.

The Committee on Public Accounts had also directed in the years 2013, 2016 and 2017 to expeditiously settle the accounts, which had been maintained without crediting to the aforesaid member's accounts.

3.4 Procurement Management

Audit Observation

Comments of the Management

Recommendation

Even though the total estimated cost of Rs. 135.3 million had been given to the Buildings Department in the year 2020 without following the Procurement Guidelines for the interior partitions works of the office premises of the Fund located at Mehevara Piyasa, activities on interior partition had not been carried out even by 30 April 2022.

Payments related to the contract for the interior partition of the Employees' Provident Fund Division have been made as per the decisions of the Procurement Committee and the request of the Department of Buildings and the recommendation of the Engineer (Civil) and the task of interior decoration has already been commenced and the interior decoration work is being carried out.

Procurement should be carried out by following Procurement Guidelines and using funds in an efficient and effective manner.